LEPHALALE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 26 in terms of Section 123(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 21 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.The municipality does not have an entity and therefore no group finanacial statements have been prepared. It is further confirmed that the municipality did not do any business with the Councillors or their imediate related relatives during the financial year and there are no outsanding debtors from the councillors.

Date : **31 AUGUST 2009**

A S NAIDOO
MUNICIPAL MANAGER : LEPHALALE LOCAL MUNICIPALITY

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LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

NET ASSETS AND LIABILITIES	Note	2009 R	2008 R RESTATED
Net Assets		**219 727 562**	**160 306 043**
Government Grant Reserve		0	0
Capitalization Reserve		-	-
Capital Replacement Reserve		(0)	-
Insurance		-	-
Donations and public contributions reserves		-	-
Revaluation Reserve		34 180 900	34 180 900
Accumulated Surplus/(Deficit)		185 546 662	126 125 143
Non-current liabilities		**15 679 635**	**15 996 886**
Long-term liabilities	1	15 679 635	15 996 886
Non-current provisions		-	-
Current liabilities		**45 324 229**	**33 709 635**
Consumer deposits	2	5 530 422	4 138 280
Provisions		-	-
Creditors	3	21 146 927	16 886 941
Unspent conditional grants and receipts	4	16 653 673	11 115 314
VAT	5	-	-
Current portion of long-term liabilities	1	1 993 207	1 569 100
Total Net Assets and Liabilities		**280 731 425**	**210 012 564**
ASSETS			
Non-current assets		**146 773 254**	**138 986 380**
Property, plant and equipment	6	146 673 220	138 747 921
Investments	7	100 034	238 459
Long-term receivables	8	-	-
Current Assets		**133 958 171**	**71 026 183**
Inventory	9	8 093 512	1 744 212
VAT	5	3 493 653	890 667
Consumer Debtors	10	14 377 706	9 626 557
Other Debtors	12	49 815	48 590
Current portion of long-term debtors	8	-	24 722
Bank balances and cash	13	107 943 485	58 691 435
Total Assets		**280 731 425**	**210 012 563**

LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R RESTATED
REVENUE			
Property Rates	**14**	15 778 796	21 275 390
Property rates - penalties imposed and collection charges		-	-
Service charges	**15**	64 622 405	45 287 564
Rental of facilities and equipment		138 125	117 616
Interest earned - external investments		8 682 766	5 318 131
Interest earned - outstanding debtors		3 341 047	1 357 254
Fines		451 805	389 959
Licenses and permits		3 308 475	3 656 965
Government grants and subsidies	**16**	74 979 064	63 137 080
Other income	**18**	10 426 151	2 811 753
Public contributions and donations		35 413 772	29 628
Increases in the fair value of investments		-	-
Gains on disposal Investmnet		3 937	1 786 252
Total Revenue		**217 146 342**	**145 167 592**
EXPENDITURE			
Employee related costs	**19**	53 925 477	46 165 086
Remuneration of Councilors	**20**	5 416 902	4 709 488
Bad Debts		6 936 065	4 261 428
Collection costs			
Depreciation		7 568 448	7 255 243
Repairs and maintenance		16 130 864	10 333 389
Interest paid	**21**	2 033 123	1 811 211
Bulk purchases	**22**	26 228 304	18 987 957
Contracted services			
Grants and subsidies paid	**23**	645 904	562 502
General expenses		38 794 544	45 613 176
Loss on disposal Investment		45 192	-
Total Expenditure		**157 724 822**	**139 699 479**
SURPLUS/(DEFICIT) FOR THE YEAR		**59 421 520**	**5 468 113**

LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

	Insurance Reserve	Capitalization Reserve	Government Grant Reserve	Public Contribution Reserve	Revaluation Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R		R	R	R	R
2007								
Balance at 1 July 2007	98 922	7 257 410	42 689 584	-	378 500	6 730 649	42 721 522	**99 876 587**
Correction of errors					-	-		**-**
Restated Balance	**98 922**	**7 257 410**	**42 689 584**	**-**	**378 500**	**6 730 649**	**42 721 522**	**99 876 587**
Net defict for the year	9 960			6 419 983			5 468 113	**11 898 056**
Reversal to Acc Surplus	-98 922	-7 257 410	-42 689 584			-6 730 649	56 776 565	**-**
Property;Plant & Equipment funded by Grants			0				(0)	**-**
Revaluation Surplus					33 802 400			**33 802 400**
Expenditure								**-**
Assets Donated							14 729 000	**14 729 000**
Offsetting of Depreciation	-9 960	-	0	-6 419 983			6 429 943	**-**
Balance as at 30 June 2008	**-**	**-**	**0**	**-**	**34 180 900**	**-**	**126 125 143**	**160 306 043**
2008								
Balance as at 1 July 2008	**-**	**-**	**0**	**-**	**34 180 900**	**-**	**126 125 143**	**160 306 043**
Net Surplus for the year							59 421 520	**59 421 520**
Current Year Transfers	-			-		-0	-0	**(0)**
Property;Plant & Equipment funded by Grants			-0				0	**-**
Revaluation Surplus								**-**
Property;Plant & Equipment Donated	-							**-**
Offsetting of Depreciation		-	-				-	**-**
Balance at 30 June 2009	**-**	**-**	**0**	**-**	**34 180 900**	**-0**	**185 546 662**	**219 727 562**

LEPHALALE LOCAL MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R RESTATED
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		195 345 606	107 807 841
Cash paid to suppliers and employees		(141 903 823)	(146 991 779)
Cash generated from (utilized in) operations	24	**53 441 783**	**(39 183 938)**
Interest received		12 023 813	6 675 385
Interest paid		(2 033 123)	(1 811 211)
NET CASH FROM OPERATING ACTIVITIES		**63 432 473**	**(34 319 764)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15 493 515)	(27 529 273)
Adjustment of Property Donated		-	14 678 854
Proceeds on disposal Investment/ property, plant and equipment		97 170	1 900 157
(Increase)/Decrease in non-current receivables		-	24 722
(Increase)/Decrease in non-current investments		-	7 729 349
Increase in Reserves		(300 000)	6 429 943
NET CASH FROM INVESTING ACTIVITIES		**(15 696 344)**	**3 233 751**
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised/(repaid)		106 856	2 962 533
Increase/(Decrease) in Consumer Deposits		1 392 142	664 886
NET CASH FROM FINANCING ACTIVITIES		**1 498 998**	**3 627 419**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**49 235 127**	**(27 458 594)**
Cash and cash equivalents at the beginning of the year		58 691 435	86 150 029
Cash and cash equivalents at the end of the year		107 943 485	58 691 435

BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basisi of accounting and are in accordance with historical cost convention unless specifird otherwise. These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice(GRAP) issued by the Accounting Standard Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act 56 of 2003)

The principal accounting policies adopted in the preparation of these annual financial statements are set out below

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy

The Municipality applied the exemption as per directive 4 issued by the Accounrting Standard Board applicable to the Medium Capacity Municipality for the following GRAP standard, GRAP 11,12,16,17,19,101 and 102. The municipality applied the directive for the valaution of stock water and Property Plant and Equipment

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

GOING CONCERN ASSUMPTION

The finanacia statements have been prepared on a going concern basisl

1 **REVENUE RECOGNITION**

1.1 ***Revenue from Exchange Transactions***

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised at fair value of amount received or receivable as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

1.2 ***Revenue from non-exchange transactions***

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

2. CONSTRUCTION CONTARCTS

The Municipality is not involved in the construction of assets for the a third party and therefore does not apply the Grap 11 except for construction of own assets by third parties which is dealt with uner Property Plant and Equipment.

3. GOVERNMENT GRANTS

Government grants are recognised proprtionally at cost as revenue when received. Conditional grants are recognised as revenue when received and the conditions have been fully met.

4. EMPLOYEE BENEFITS

Employee benefits, which includes pension, medical aid, accrued leave and long term service benefits are provided in the statement of financial perfomance as the employee is rendering the service. The municipality does not provide for post retirement benefits as it has a defined contribution plan. The municipality contributes 22% of the pensionable salary per employee to the pension fund while the employee is still employed.

5. BORROWING COST

There were no borrowing cost capitalised during the current financial year as there were no qualifying assets under construction in the year under review.

6. Donations and Public Contributions Reserve

Revenue form Public donation and reserve is recognised at fair value when conditions are met and the expenses have been incurred

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land , which is revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are calculated using the directive of GAMAP 17

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

No impairment testing was done for non-cash-generating assets as well as cash-generating assets.

The municipality accounts for grant assets with a useful life of more than 1year which have been donated or which no monetary value can be placed on them at a fair market value at the date of aquisition and are classified as Property, Plant and Equipment and the fair value income is recognised on systematic basis as the assets is depreciated.

9. INVESTMENTS

Investments are stated at cost less impairment losses or adjustments

10. FINANCIAL INSTRUMENTS

Financial Instruments

Financial instruments include financial liabilities and fianacial assets. Financial assets and liabilities in respect of financial instruments are recognised in the municipality's statement of financial position when the municipality become party to the contractual provision of the agreement

10.1 Financial Assets

Financial assets are for the municipality are classified as Loans and receivable s and held to maturity investments

Other receivable and cash and cash equivalents that have fixed or determinable payments and not qouted on an active stock market are classified as loans and receivables.

Loans and receivables are measured at amortised cost using the effective interest rate method less any impairement losses. Interest income is recognised in the statement of financial performance by applying the effective interet rate. Receivables are stated at original invoice amount less any impairement losses

10.2 Finacial Liabilities

Financial liabilites are classified as financial liabilities held at armotised cost and financial guarantee contractb liabilies

The municipality 's principal financial liabilties are payables and fiancial guarantee contractual liabilty

10.3 RISK MANAGEMENT

Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate

Financial assets exposed to credit risk at year end were as follows:

Absa Bank - R101 896 897

Financial guarantees - R6 358 978

Trade and receivables - R13 077 069

These balances represent the maximum exposure to credit risk

The municipality is not exposed to any guarantees for the overdraft facilities.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow

2010

Borrowings - R 0

Trade and other payables - R21 097 336

2011

Borrowings - R95 758
Trade and other payables - R0

2012

Borrowings - R522 362
Trade and other payables - R0

2014

Borrowings - R7 981 136
Trade and other payables - R0

2015

Borrowings - R3 042 702
Trade and other payables - R0

2024
Borrowings - R6 029 886
Trade and other payables - R0

11. **INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value.

Included in the inventory is Water stock which is valued at cost

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

The municipality does not purify water , but purchase purified water from Exxarro of which it then sells to consumers.The water stock is stated due to the first time implementation of Grap 12. The prior year figures are not stated as it is impractical to do so.

12. **ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

13. **TRADE CREDITORS**

Trade creditors are stated at their nominal value.

14. **PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

Leave liability is recognises as it accrues to epmlopyees. Leave calculation is base on the year end leave days available per employee

15. **CASH AND EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. **LEASES**

The municipality determines lease typer at the inception of the lease term and classify the lease as either finance lease orb operating lease. The Municipality has only operating leaseec which are not capitalised. The lease payments are expensed in the statement of financial performance as they become dueon a starigh line basis.

20 **EVENTS AFTER THE BALANCE SHEET DARE**

Any material events which affect the activities of the Municipality that the Municipality becomes aware of after the balance sheet but before the issue of the financial statements will be diclosed as to the nature of the event and the impact of it to the current financial statements and future operations of the municipality

21 **RELATED PARTY TRANSCATIONS**

All related party tarnsaction are disclosed in the notes of the financial statements according to their nature and value.

22. COMPARATIVE INFORMATION

22.1 *Current year comparatives:*

Budgeted amounts have been included in the annual financial statements for the current financial year only.

22.2 *Prior year comparatives:*

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

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NOTE	PARTICULARS	2009 R	2008 R
1.	**LONG-TERM LIABILITIES**		
	Annuity Loans	17 672 842	17 565 986
	Less: Current portion transferred to current liabilities	(1 993 207)	(1 569 100)
	Total External Loans	**15 679 635**	**15 996 886**
2.	**CONSUMER DEPOSITS**		
	Electricity and Water	4 120 126	3 508 680
	Sundry deposits	1 410 295	629 600
	Total Consumer Deposits	**5 530 422**	**4 138 280**
	Guarantees held in lieu of Electricity and Water Deposits	**404 165**	**254 165**
3.	**CREDITORS**		
	Trade Creditors	4 227 729	2 972 432
	Payments received in advance	3 120 867	1 094 726
	Retentions	2 314 376	3 346 500
	Staff leave	3 245 424	3 276 903
	Peoples Housing Project (PHP)*	4 848 623	6 018 612
	Accrued Leave	2 424 591	-
	Other creditors	965 317	177 768
		21 146 927	**16 886 941**
	**** PHP***		
	Balance unspent at beginning of yea	6 018 612	6 018 612
	Current year receipts	-	-
	Expenditure	(1 169 990)	
	Transferred to creditors	**4 848 622**	**6 018 612**

The municipality is acting as an agent for the Provincial Dept of Local Government & Housing for Peoples Housing Project (PHP). The money is kept in a separate bank account.

4	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of Government		
	Municipal Infrastructural Grants	6 951 609	4 172 235
	Mun. Systems Improvement & Finance Management Grant	0	335 271
	CMIP Waterberg	1 300 295	-
	LED Project Funding	28 399	28 399
	DWAF	6 735 073	4 941 112
	Provincial Dept of Local Government & Housing	1 638 297	1 638 297
	Total Unspent Conditional Grants and Receipts	**16 653 673**	**11 115 314**

See Note 16 for reconciliation of grants from other spheres of government.

5.	**VAT**		
	VAT refundable / (payable)	**3 493 653**	**890 667**

VAT is accounted for on the payment basis. Only when payment is received from debtors, VAT is payable to SARS.

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Infra-structure R	Community R	Other R	Total R
Carrying values at 1 July 2008	**56 059 624**	**3 966 470**	**78 721 827**	**138 747 921**
Cost	86 420 119	4 954 302	100 402 405	191 776 826
Accumulated depreciation	(30 360 495)	(987 832)	(21 680 578)	(53 028 905)
Current year transactions :	**491 050**	**(156 471)**	**7 590 720**	**7 925 299**
Acquisitions	4 691 262	-	10 802 252	15 493 515
Capital under Construction	-	-	-	-
Depreciation	(4 200 213)	(156 471)	(3 211 532)	(7 568 216)
Carrying value of disposals :	-	-	-	-
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Revaluation of Assets :	-	-	-	-
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Sundry adjustments :	-	-	-	-
Impairment losses	-	-	-	-
Other movements	-	-	-	-
Carrying values at 30 June 2009	**56 550 674**	**3 809 999**	**86 312 547**	**146 673 220**
Cost	91 111 381	4 954 302	111 204 657	207 270 341
Accumulated depreciation	(34 560 707)	(1 144 303)	(24 892 110)	(60 597 120)

Reconciliation of Carrying Value	Infra-structure R	Community R	Other R	Total R
Carrying values at 1 July 2007	**48 552 524**	**4 122 941**	**32 617 175**	**85 292 640**
Cost	75 112 636	4 954 302	51 465 856	131 532 794
Accumulated depreciation	(26 560 112)	(831 361)	(18 848 681)	(46 240 154)
Current year transactions :	**7 507 100**	**(156 471)**	**12 416 156**	**19 766 785**
Acquisitions	11 307 483	-	15 714 575	27 022 058
Capital under Construction	-	-	-	-
Depreciation	(3 800 383)	(156 471)	(3 298 419)	(7 255 273)
Carrying value of disposals :	-	-	**(113 904)**	**(113 904)**
Cost	-	-	(580 426)	(580 426)
Accumulated depreciation	-	-	466 522	466 522
Revaluation of Assets :	-	-	**33 802 400**	**33 802 400**
Cost	-	-	33 802 400	33 802 400
Accumulated depreciation				-
Sundry adjustments :	-	-	-	-
Impairment losses	-	-	-	-
Other movements	-	-	-	-
Carrying values at 30 June 2008	**56 059 624**	**3 966 470**	**78 721 827**	**138 747 921**
Cost	86 420 119	4 954 302	100 402 405	191 776 826
Accumulated depreciation	(30 360 495)	(987 832)	(21 680 578)	(53 028 905)

Property, Plant and Equipment are stated at cost, less accumulated depreciation, except for land and buildings which are stated at a revalued amount. The last revaluation was eprfomed by an independent valuer, Johan Enslin Valutors during April 2008.

NOTE	PARTICULARS	2009 R	2008 R
7.	**INVESTMENTS**		
	Invetment in Shares	**100 034**	**238 459**
	Investment consists of listed shares in Sanlam. The share are listed on the JSE and are valued at closing market value as at 30/06/2009		
8.	**LONG-TERM RECEIVABLES**		
	Car loans	-	24 722
	Less: Current portion transferred to current receivables	-	(24 722)
	Total	**-**	**-**
	Traveling allowance bearing positions were entitled to car loans which were repayable over a maximum of 6 years.		
	In terms of the MFMA no more loans are advanced and th present loans are being phased out. The last loan will be settled in 2009.		
9.	**INVENTORY**		
	Consumable stores	230 508	285 775
	Maintenance materials	1 279 928	1 458 437
	Spare parts	-	-
	Water stock	6 583 076	-
	Total Inventory	**8 093 512**	**1 744 212**
10.	**CONSUMER DEBTORS**		
		R	**R**
	As at 30 June 2008		
	Rates	14 044 615	14 801 869
	Electricity	9 326 204	3 912 150
	Water	9 836 562	5 278 851
	Refuse Removal	3 399 435	2 620 254
	Sewerage	2 545 920	1 177 860
			-
	Total -	**39 152 736**	**27 790 984**
	Less: Provision for bad debts	(24 775 030)	(18 164 465)
			-
	Total -	**14 377 706**	**9 626 519**
	Rates - Ageing		
	Current (0 - 30 days)	1 970 460	3 639 379
	31 - 60 days	1 261 206	1 637 391
	61 - 90 days	636 221	1 610 579
	91 - 120 days	547 740	1 554 282
	120+ days	9 628 988	6 360 238
	Total -	**14 044 615**	**14 801 869**
	(Electricity, Water, Refuse Removal and Sewerage): - Ageing		
	Current (0 - 30 days)	2 712 398	1 715 794
	31 - 60 days	1 714 528	558 105
	61 - 90 days	1 137 398	465 271
	91 - 120 days	979 217	398 367
	120+ days	17 214 128	9 851 578
		23 757 669	**12 989 115**
	TOTAL	**37 802 284**	**27 790 984**
11.	**CONSUMER DEBTORS (continued)**		
	Reconciliation of the bad debt provision		
	Balance at beginning of year	18 164 465	13 903 037
	Contributions to provisions	6 936 110	4 261 428
	Bad debts written off against provision	(325 545)	-
	Reversal of provision	-	-
	Balance at end of year	**24 775 030**	**18 164 465**
12.	**OTHER DEBTORS**		
	Payments made in advance		-
	Other		
	Eskom Deposits	49 815	48 590
	Total other debtors	**49 815**	**48 590**
13.	**BANK, CASH AND OVERDRAFT BALANCES**		
	The municipality has the following bank accounts:-		
	Current Account (Primary Bank Account)		
	ABSA Bank Ltd - Lephalale Branch - Account Number 1470-000-038		
	Cash balance at beginning of year	26 179 911	33 830 355
	Cash balance at end of year	**(2 170 034)**	**26 179 911**
	Bank statement balance at beginning of year	46 338 668	46 338 668
	Bank statement balance at end of year	**30 559 920**	**30 559 920**
	Other accounts		
	Investments		
	Call account with ABSA (PHP Housing)	4 848 623	6 018 612
	Call account with ABSA	105 252 146	26 480 162
		110 100 769	**32 498 774**
	Petty Cash	5 000	5 000
	Cashier Floats	7 750	7 750
	Total Cash on hand	**107 943 485**	**58 691 435**
14.	**PROPERTY RATES**		
	Actual	15 778 796	21 275 390
	Total Assessment Rates	**15 778 796**	**21 275 390**
	Valuations	***39 630***	***39 264***
		R000'	***R000'***
	Residential	1 817 408 530	911 287 722
	Commercial	383 737 000	387 701 859
	State	2 472 249 306	501 776 426
	Agriculture	11 949 146 876	2 244 317 949
	Other	101 970 000	-
	Exempted	347 684 007	-
	Municipal	919 500	2 885 850
	Total Property Valuations	**17 073 115 219**	**4 047 969 806**
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008. Interim valuations are processed as needed.		
	Property rates are recognized in the month, it is charged by applying the approved property rates tariffs to the value of the property, taking the rebates into consideration.		

NOTE	PARTICULARS	2009 R	2008 R
15.	**SERVICE CHARGES**		
	Sale of Electricity	35 815 359	22 352 779
	Sale of Water	18 715 998	14 546 426
	Refuse Removal	3 607 078	2 909 488
	Sewerage and sanitation charges	6 483 969	5 478 871
	Total Service Charges	**64 622 405**	**45 287 564**

Water and Electricity are recognised by applying the approved tariffs to the metered consumptions. Refuse removal and Sewer revenue are recognised after the services have been rendered by applying the approved tariffs.

16.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Equitable Share	44 028 331	34 566 672
	Municipal Infrastructural Grant	16 000 626	16 882 478
	Waterberg District Municipality	786 912	-
	Dept of Water and Forestry	9 834 225	9 820 580
	Municipal Systems Improvement Grant	720 772	1 234 000
	Finance Management Grant	1 335 271	501 926
	Local Government SETA Grant	384 683	131 424
	LED Learnership	-	47 800
	PHP	1 614 697	-
	Total Grants and Subsidies transferred to Statement of Financial Performance	**74 705 517**	**63 184 880**

16.1 Equitable Share

In terms of the Constitution, this grant is partially used to subsidize the provision of basic service to indigent community members. All registered indigents receive a subsidy of R 100.

16.2 Municipal Infrastructural Grant

Balance unspent at beginning of yea	4 172 235	5 450 463
Current year receipts	18 816 000	15 604 250
Conditions met - transferred to revenue	(16 000 626)	(16 882 478)
Conditions still to be met- transferred to liabilities (see note 4)	**6 987 609**	**4 172 235**

The grant is used to construct infrastructure assets in the municipalities. An amount of R 588 036 was utilised in 2008 to fund the Project Management Unit (PMU). The conditions of the grant were met.

16.3 Waterberg District Municipality

Balance unspent at beginning of yea	-	-
Current year receipts	786	-
Conditions met - transferred to revenue	(786)	-
Conditions still to be met- transferred to liabilities (see note 4)	**-**	**-**

16.4 DWAF

Balance unspent at beginning of yea	4 941 112	7 563 191
Current year receipts	11 928 186	7 198 501
Conditions met - transferred to revenue	(10 134 225)	(9 820 580)
Conditions still to be met- transferred to liabilities (see note 4)	**6 735 073**	**4 941 112**

This grant was used to rural water schemes

16.5 Municipal Systems Improvement Grant

Balance unspent at beginning of yea	-	500 000
Current year receipts	735 000	734 000
Conditions met - transferred to revenue	(720 772)	(1 234 000)
Conditions still to be met- transferred to liabilities (see note 4)	**14 228**	**-**

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act.

16.6 Finance Management Grant

Balance unspent at beginning of yea	335 271	337 197
Current year receipts	1 000 000	500 000
Conditions met - transferred to revenue	(1 335 271)	(501 926)
Conditions still to be met- transferred to liabilities (see note 4)	**0**	**335 271**

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

16.7 Local government Seta

Balance unspent at beginning of yea		-
Current year receipts	384 683	131 424
Conditions met - transferred to revenue	(384 683)	(131 424)
Conditions still to be met- transferred to liabilities (see note 4)	**(0)**	**-**

16.8 LED Projects

Balance unspent at beginning of yea	28 399	76 199
Current year receipts	-	-
Conditions met - transferred to revenue	-	(47 800)
Conditions still to be met- transferred to liabilities (see note 4)	**28 399**	**28 399**

The grant was utilised for the implementation of a Paprica Project. The conditions of the grant were met.

16.9 DPLG Projects

Balance unspent at beginning of yea	1 638 297	-
Current year receipts	-	1 638 297
Conditions met - transferred to revenue	-	-
Conditions still to be met- transferred to liabilities (see note 4)	**1 638 297**	**1 638 297**

The grant will utilised for the implementation of of the Sector Planning.

16.10 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act of 2006, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

17	**17.1 CAPITAL REPLACEMENT RESERVES**		
	Capital Replacement Reserve is a reserve created by the Council in the prior years for future Capi assets acquisitions. This reserve is cash backed. There were no Capital acquisition through this fund in the current financial year	1 439 930	6 730 649
	17.2 INSURANCE RESERVES	50 513	98 922
	A general insurance reserve is maintained to cover excesses on claims from the insurance. This reserve is cash backed.		
	17.3 REVALUATION RESERVES	34 180 900	378 500
	Capital Replacement Reserve is a reserve created by the Council in the prior years for future Capital assets acquisitions. This reserve is cash backed. There were no Capital acquisition through this fund in the current financial year		

NOTE	PARTICULARS	2009 R	2008 R
18	**OTHER INCOME**		
	Other income	10 426 151	2 811 753
19	**EMPLOYEE RELATED COSTS**		
	Employee related costs - Salaries and Wages	33 740 456	27 638 958
	Employee related costs - Contributions for UIF, pensions and medical aids	8 133 780	7 276 186
	Travel, motor car, accommodation, subsistence and other allowances	8 544 239	8 079 592
	Housing benefits and allowances	317 616	281 549
	Overtime payments	3 189 386	2 888 801
	Performance bonus	-	-
	Long-service awards	-	-
	Less: Employee costs capitalized to Property, Plant and Equipment	-	-
	Less: Employee costs included in other expenses	-	-
	Total Employee Related Costs	**53 925 477**	**46 165 086**
	Remuneration of the Municipal Manager		
	Annual Remuneration	525 041	489 095
	Performance Bonuses	-	-
	Car Allowance	209 454	141 642
	Contribution to UIF, Medical and pension Funds	143 726	170 828
	Total	**878 221**	**801 565**
	Remuneration of the Chief Financial Officer		
	Annual Remuneration (Vacant for 10 months)	436 449	182 777
	Performance Bonuses	-	-
	Car Allowance	146 780	81 551
	Contribution to UIF, Medical and pension Funds	121 514	94 006
	Total	**704 743**	**358 334**

Remuneration of Head of Departments / Managers

	Plan. & Econ. Development R	Technical Services R	Corporate Services R	Community Services R
2008				
Annual Remuneration	609 803	-	-	489 778
Performance Bonuses	-	-	-	-
Car Allowance	182 014	-	-	120 924
Contribution to UIF, Medical and pension Funds	130 265	-	-	133 763
Total	**922 082**	**-**	**-**	**744 465**
2007				
Annual Remuneration	404 788	28 314	22 118	396 552
Performance Bonuses	-	-	-	-
Car Allowance	101 705	13 832	11 654	136 549
Contribution to UIF, Medical and pension Funds	125 025	15 610	6 371	128 993
Total	**631 518**	**57 756**	**40 143**	**662 094**

20	**REMUNERATION OF COUNCILORS**	
Mayor	389 023	350 472
Speaker	311 219	280 377
Whip	291 768	262 854
Full-time Executive Committee Membe	291 768	262 854
Executive Committee Members	481 419	433 710
Councilors	1 984 002	1 787 397
Councilors' pension contribution	-	-
Councilors' medical contribution	-	-
Councilors' personal allowance	-	-
Councilors' transport allowance	1 404 639	1 115 879
Councilors' cell phone allowance	263 064	215 945
Total Councilors' Remuneration	**5 416 902**	**4 709 488**

In-kind Benefits

The Mayor, Speaker, Whip and 1 Executive Committee Member are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties.

21	**INTEREST PAID**	
Long-term liabilities	2 033 123	1 811 211
Consumer deposits	-	-
Bank overdrafts	-	-
Total Interest on External Borrowings	**2 033 123**	**1 811 211**
22	**BULK PURCHASES**	
Electricity	20 748 583	13 703 804
Water	5 479 720	5 284 153
Total Bulk Purchases	**26 228 304**	**18 987 957**
23	**GRANTS AND SUBSIDIES PAID**	
Tribal Chiefs	-	-
Mogol Club	366 404	307 748
Agri	150 000	143 754
SPCA	129 500	111 000
	645 904	**562 502**

A grant is paid to the Tribal Chiefs to aid in administration costs.
A subsidy is paid to the Mogol Club to aid recreational activities.
A grant was paid to Agri for delivarebles in the farming community.
A subsidy is paid to SPCA to assist this service.

24	**RESTATEMENT OF COMPARATIVE AMOUNTS**	

A reconciliation of the surplus/(deficit) reported in the previous year's annual financial statements to restate the comparative amounts included in the statements of Financial Performance is set out below :

Correction of Revenue		-
Correction of Capitilization		-
Correction of Depreciation		-
Correction for the Provision of Bad Debts		-
Total net effect on the Surplus for the year	**-**	**-**
25	**CASH GENERATED BY OPERATIONS**	
Surplus/(Deficit) for the year	59 421 520	5 468 113
Adjustment for:-		
Depreciation	7 568 216	5 925 948
Investment income	(12 023 813)	(6 675 385)
Interest paid	2 033 123	1 850 160
Loss / (Gain) on disposal of property, plant and equipment	(3 937)	-
Contribution to provisions - current	6 936 065	4 261 428
Non cash revenue - current	(6 583 076)	-
Operating surplus before working capital changes	**57 348 098**	**10 830 264**
(Increase)/Decrease in Consumer Debtors	(4 751 149)	(4 593 044)
(Increase)/Decrease in Other Debtors	(1 225)	553 969
(Increase)/Decrease in VAT	(2 602 986)	(1 218 510)
(Decrease)/Increase in Unspent Conditional Grants	5 538 359	689 807
Increase/(Decrease) in Creditors	4 259 986	-
(Increase) / Decrease in Inventories	(6 349 300)	-
Cash generated by/(utilized in) operations	**53 441 783**	**6 262 486**

NOTE	PARTICULARS	2009 R	2008 R
26	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts, indicating the financial position:		
	Bank balances and cash	(2 170 034)	26 179 911
	Call investment deposits	110 100 769	32 498 774
	Petty Cash	12 750	12 750
	Total cash and cash equivalents	**107 943 485**	**58 691 435**
27	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
	27.1 Contributions to organized local government		
	Opening balance	-	-
	Council subscriptions	900 087	463 954
	Amount paid - current year	(900 087)	(463 954)
	Amount paid - previous year		-
	Balance unpaid (included in creditors)	**-**	**-**
	27.2 Audit fees		
	Opening balance	-	
	Current year audit fee - statutory	1 185 149	1 112 592
	Current year audit fee - forensic	-	-
	Amount paid - current year	(1 185 149)	(1 112 592)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**
	27. 3 PAYE and UIF		
	Opening balance		
	Current year payroll deductions	6 868 025	5 650 186
	Amount paid - current year	(6 868 025)	(5 650 186)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**
	27.4 VAT		
	VAT inputs receivables and VAT outputs receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
	27.5 Pension and Medical Aid Deductions		
	Opening balance	-	
	Current year fee	11 931 771	6 996 430
	Amount paid - current year	(11 931 771)	(6 996 430)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**
	27.6 Remuneration of Audit Committee Members		
	Remuneration	75 405	75 405
	3 Members serve on the Audit Committee. The members are paid an allowance per meeting and are reimbursed for travel expenses.		
28	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure		
	-Approved and contracted for	**-**	**-**
	Infrastructure		
	Land and Buildings	-	-
	Community		
	Heritage		
	Other		
	-Approved but not yet contracted for	**13 294 000**	**1 130 000**
	Infrastructure		-
	Land and Buildings	13 294 000	
	Community		
	Heritage		
	Other	-	1 130 000
	Total	**13 294 000**	**1 130 000**
	This expenditure will be financed from:		
	-External Loans		
	-Government Grants		
	-Own Resources	13 294 000	1 130 000
	-Waterberg District Municipality		
		13 294 000	**1 130 000**
	Commitments in respect of operating leases :		
	Minimum lease payments:		
	Not later than 1 year	394 519	
	Later than 1 year and not later than 5 years	257 530	-
	Later than 5 years	-	-
	Present value of minimum lease payments	**652 048**	**-**
	The operating lease commitments consist of copiers, telephones and faxes mostly with Canon.There was no amoothing of the rental amount as the contracts do not escalate except to say that the increase is based on the increase in the prime rate. It is therefore impractical to estimate the furture escalation		
29	**RETIREMENT BENEFIT INFORMATION**		
	All officials and some councilors belong to the following funds:		
	Municipal Gratuity Fund	1 872 816	
	Municipal Workers pension Fund	1 397 918	
	Government Employees Pension Fund	466 798	
	SALA Pension Fund	29 709	
	Samwu National Pension Fund	2 603 322	
	Municipal Employee	2 648 844	
		9 019 408	
30	**COMPARISON WITH THE BUDGET**		
	The comparison of the Municipality's actual financial performance with the budgeted is set out in Annexures E(1) and E(2).		
31	**CONTINGENT LIABILITIES**		
	The municipality has the following contingent liabilities which cannot be quantified as at the end of the current financial yearyear.		
31.1	Leopiet Ontwikkeling Pty ltd - the Company has occupied a stand which is not zoned for industrial side and refuse to be moved. Legal cost that will be incurred for the representation of the municipality for getting court order for the eviction.		
31.2	Dispute by Mokgotho Construction in the awarding of the tender by Municipality to Kenglori Construction. Mokgothop is claiming that the contract should have been awarded to them, are suing the Council for the tender amount.		
31.3	A M C Janse Van rensburg has build a structure on his stand without the proper plan approval by the municipality and the Municipality is forcinfg its authority. The municipality can still incur legal costs in defending the case and also the demolishion cost		

NOTE	PARTICULARS	2009 R	2008 R
31.4	C A B Viljoen is the former employee who was renting th municipal hiouse and hios adult children are refusing to vacat the property. The municipality will Incur expenses in obtaining eviction order		

NOTE	PARTICULARS	2009 R	2008 R
	In prior year the Municipality reported a contigent liability for the cost of arbiotration for the dismissed senior managers. During the year the senior managers appluied for arbitration which was held. The arbitrator awarded the senior managers reinstatement with cost. The municipality is challenging the award in the high court on the basisi of legal issues. The arbitrator awarded the senior managers an amount of R2 375		
31.5	000.as at the end of June 2009.		

32 CORRECTION OF PRIOR YEAR ERRORS

The financial statements have been restated due to the correction of the errors which we reccommended by the Auditorn General on the prior year financial statement. The following correctionswere done

		2 009	2 008
32.1	**ACCUMULATED SURPLUS**		
	SURPLUS/ DEFICIT FOR JUNE 208	-	5 548 758
	General Expenses		(106 618)
	Reverse dpreciation over charges	-	25 954
		-	
	Restated Balance	**-**	**5 468 095**
32.2	GOVERNMENT GRANT RESERVE		
	Balance as previosly statec	-	44 833 610
			(287 769)
	Reverse depreciation set Off	-	25 972
	Restated balance	**-**	**44 571 813**
32.3	CASH AND CASH EQUIVALENTSINVESTMENTS		
	The call account was incorrectly diclosed as investment ir the prior year. This was corrected by the correct classification in the current year		
	Balance as stated previosly		
	Reclassification of call account(ABSA)		
	Reclassification of PHP call account(ABSA)		
	Restated Balance	**-**	**-**
32.4	**TRADE CREDITORS**		
	A receipt from the consumer as deposit for consumptior account was classified as creditors in state of consumer deposits		
	Balance as stated previously		17 340 275
	Retention incorrectly paid		(453 345)
	Restated Balance	**-**	**16 886 930**
32.5	**CONSUMER DEPOSITS**		
	Balance as stated previously	-	-
	Reclassification of consumer deposit	-	-
		-	-

32.6 PROPERTY PLANT AND EQUIPMENT

	Cost	Acc Deprec.	Nett Book value
Fixed assets net book value as previously stated 200	192 336 789	(53 054 847)	139 281 942
	-	-	-
	192 336 789	(53 054 847)	139 281 942
Correction of cost	(559 963)	25 972	
Additions identified		-	
Depreciation Chargeas previously statec		-	
Adjustment of Depreciation Charge	-	-	-
Restated Balance end 2008	**191 776 826**	**(53 028 875)**	**138 747 951**

32.7 CHANGE IN ACCOUNTING POLICY

The Municipality changed the accounting policy on reserves during the current financial year. The change in accounting policy was mainly to comply with GRAP accounting as ooposed to Fund accounting. The effect of change in accounting policy is an increase of R64 185 206 in Accumulated Surplus for the prior year which is made up of a decrease of R45 571 775 in Government Grant reserves, R6 353 917 in Capitalisation Reserves, R6 730 649 in Capital replacement Reserves, R108 882 in Insurance Reserves and R6 419 983 in Public Contribution Reserves. The effect of the change in accounting policy resulted in revenue form bulk contribution of R35 413 772 being recognised in the statement of financial position in the current year.

33 RELATED PARTY DISCLOSURE

The were no related party transaction which the Municipality conluded during the current financial year

The municipality does not have a joint venture or an entity under its control

34 FRUITLES AND WASTEFULL EXPENDITURE

During the financial year 2008/2009 the Municipality appointe Dwa Developments Projects for the construction of the VIP toilets. The company failed to execute the contract to the end and have alreaady claimed R980 000 more than the physical work done. The mmunicviplaity is in the process of recovering
34.1 the money from the company.

During the financial year 2005/2006 the Municipality received a grant of R1.5 million to build the stadium. The structure is currently falling apart. The investigation is on and currently no one has been held responsible. The matter was referred to Auditor general for forensic investigation and the recommenadtion is that no one can be held responsible as the
34.2 officials involved has resigned.

NOTE	PARTICULARS	2009 R	2008 R

LEPHALALE LOCAL MUNICIPLITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2008/06/30	Received during the period	Redeemed, written off during the period	Balance at 2009/06/30	Carrying Value of Property Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
INCA @ 12,06%	1	2014:06:30	**9 089 514**	-	1 108 379	**7 981 135**	**9 429 636**	
INCA @ 10,09%	2	2015:12:31	**3 362 189**	-	318 487	**3 043 702**	**2 463 201**	
DBSA @ 17,06%	LALF 27	2011:06:30	**133 141**	-	37 383	**95 758**	**-**	
DBSA @ 8,83%	LALF 15		**4 353 685**	1 676 201	-	**6 029 886**	**-**	
DBSA @ 17,14%	LALF 19		**624 218**	-	101 857	**522 362**	**172 500**	
DBSA @ 13,75%	LALF 10		**3 049**	-	3 049	**-**	**1 573**	
			17 565 796	**1 676 201**	**1 569 154**	**17 672 843**	**12 066 910**	**-**

INCA 1 is an unsecured loan from Infrastructure Finance Corporation Limited and is repayable on a six monthly basis within five years.

INCA 2 is an unsecured loan from Infrastructure Finance Corporation Limited and is repayable on a six monthly basis within six years.

LALF 27 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 2 years.

LALF 15 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 15 years.

LALF 19 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 3 years.

LEPHALALE LOCAL MUNICIPLITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

LALF 10 is an unsecured loan from the Development Bank of South Africa and has been redeemed during the year.

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Segement	Opening Balance	Additions	Under Construction	Revaluations	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
	R	R	R		R	R	R	R	R	R	R
Executive and Council	**61 471 492**	1 305 223	547 744	-	-	**63 324 459**	**3 324 109**	1 332 696	-	**4 656 805**	**58 667 654**
Finance and Admin	**27 080 023**	619 230	-		-	**27 699 253**	**8 105 938**	178 257	-	**8 284 195**	**19 415 058**
Planning and Development	**87 370**	-	-		-	**87 370**	**60 096**	27 274	-	**87 370**	**0**
Health	**702 170**	-	-		-	**702 170**	**426 447**	8 848	-	**435 295**	**266 875**
Community and Social Services	**19 247 903**	338 312	-		-	**19 586 215**	**1 191 101**	143 865	-	**1 334 966**	**18 251 249**
Housing	**155 231**	3 439	-		-	**158 670**	**100 239**	49 158	-	**149 397**	**9 273**
Public Safety	**2 057 277**	293 501	-		-	**2 350 778**	**744 171**	134 659	-	**878 830**	**1 471 947**
Sport and Recreation	**3 123 436**	22	-		-	**3 123 458**	**1 865 456**	281 798	-	**2 147 254**	**976 205**
Waste Management	**5 207 008**	1 881 455	-		-	**7 088 463**	**3 655 792**	489 972	-	**4 145 764**	**2 942 699**
Waste Water Management	**17 226 166**	724 540	-		-	**17 950 706**	**10 917 155**	721 429	-	**11 638 584**	**6 312 122**
Road transport	**15 797 589**	1 856 463	2 974 555		-	**20 628 607**	**7 800 580**	1 116 920	-	**8 917 500**	**11 711 106**
Water	**25 964 151**	1 114 350	995 461		-	**28 073 962**	**8 075 556**	2 228 427	-	**10 303 983**	**17 769 979**
Electricity	**13 232 929**	2 799 541	-		-	**16 032 470**	**6 495 991**	841 041	-	**7 337 032**	**8 695 438**
Other	**423 681**	41 957	-		-	**465 638**	**266 243**	61 773		**328 016**	**137 622**
Total	**191 776 427**	**10 978 033**	**4 517 760**		**-**	**207 272 220**	**53 028 876**	**7 616 117**	**-**	**60 644 993**	**146 627 227**

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / (Deficit) R	Segment	2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus / (Deficit) R
59 922 418	20 582 502	**39 339 916**	Executive & Council	65 260 832	28 898 162	**36 362 670**
1 735 926	16 407 931	**(14 672 005)**	Finance & Admin	979 382	8 154 162	**(7 174 780)**
469 621	2 725 496	**(2 255 875)**	Planning & Development	1 478 367	2 985 708	**(1 507 341)**
-	1 091 552	**(1 091 552)**	Health	-	74 457	**(74 457)**
85 989	2 259 667	**(2 173 678)**	Community & Social Services	3 959 627	12 436 167	**(8 476 540)**
704 415	1 327 677	**(623 262)**	Housing	1 614 697	3 009 950	**(1 395 253)**
1 016 815	4 448 853	**(3 432 038)**	Public Safety	765 439	1 171 378	**(405 939)**
12 628	3 578 658	**(3 566 030)**	Sport and Recreation	1 000	637 557	**(636 557)**
-	737 749	**(737 749)**	Environmental Protection	-	820 738	**(820 738)**
2 909 488	5 363 221	**(2 453 733)**	Waste Management	6 248 778	7 369 572	**(1 120 794)**
17 550 783	17 115 442	**435 341**	Waste Water Management	20 547 314	13 011 045	**7 536 269**
5 625 601	8 385 469	**(2 759 868)**	Road Transport	12 327 933	10 191 322	**2 136 611**
26 231 891	23 046 026	**3 185 865**	Water	52 389 689	29 253 261	**23 136 428**
24 750 492	22 027 343	**2 723 149**	Electricity	45 536 778	30 675 642	**14 861 136**
4 266 787	13 988 312	**(9 721 525)**	Other	6 036 506	15 645 625	**(9 609 119)**
145 282 854	**143 085 898**	**2 196 956**	**Sub Total**	**217 146 342**	**164 334 746**	**52 811 596**
			Less :			
-	**3 351 802**	**(3 351 802)**	**Inter-Departmental Charges**	**-**	**6 609 924**	**(6 609 924)**

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

145 282 854	139 734 096	5 548 758	Total	217 146 342	157 724 822	59 421 520

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	15 778 796	15 868 305	(89 509)	-1%	
Property rates - penalties imposed & collection charges					
Service charges	64 622 405	63 314 129	1 308 276	2%	
Rental of facilities and equipment	138 125	142 960	(4 835)	-3%	More temporary housing
Interest earned - external investments	8 682 766	4 200 000	4 482 766	107%	Increase in bulk contribution due to town growth
Interest earned - outstanding debtors	3 341 047	2 300 000	1 041 047	45%	More debtors in distress
Fines	451 805	420 000	31 805	8%	More road visibility
Licenses and permits	3 308 475	4 722 625	(1 414 150)	-30%	With development, more vehicles
Government grants and subsidies	74 979 064	83 952 000	(8 972 936)	-11%	Underspent
Other income	10 426 151	20 108 726	(9 682 575)	-48%	Underbudgeted
Public contributions, donated/contributed	35 413 772	7 500	35 406 272		
Gains on disposal Investment	3 937	-	-		
Total Revenue	**217 146 342**	**195 036 245**	**22 106 160**	11%	
EXPENDITURE					
Executive and Council	28 931 913	25 414 653	3 517 260	14%	
Finance and Admin	8 154 162	8 185 250	(31 088)	0%	Curbing spending
Planning and Development	2 985 708	4 669 475	(1 683 767)	-36%	Curbing spending
Health	74 457	72 991	1 466	2%	Curbing spending
Community and Social Services	12 436 167	18 670 988	(6 234 821)	-33%	Curbing spending
Housing	3 009 950	1 838 704	1 171 246	64%	
Public Safety	1 171 378	1 811 776	(640 398)	-35%	Curbing spending
Sport and Recreation	637 557	780 700	(143 143)	-18%	Curbing spending
Environmental Protection	820 738	851 493	(30 755)	-4%	Curbing spending
Waste Water Management	13 011 045	15 135 030	(2 123 985)	-14%	Curbing spending
Waste Management	7 369 572	8 454 632	(1 085 060)	-13%	Curbing spending
Road Transport	10 191 322	25 206 836	(15 015 514)	-60%	Curbing spending
Water	29 219 510	42 007 219	(12 787 709)	-30%	Curbing spending
Electricity	30 675 642	34 096 802	(3 421 160)	-10%	Curbing spending
Other	15 645 625	15 452 297	193 328	1%	
Less Inter-Departmental Charges	(6 609 924)	(7 666 315)	1 056 391	-14%	
Total Expenditure	**157 724 822**	**194 982 531**	**(37 257 709)**	-19%	

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

NET SURPLUS (DEFICIT) FOR THE YEAR	**59 421 520**	**53 714**	**59 363 869**

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	917 221	-	917 221	726 000	191 221	**26%**	Increased needed capital projects
Finance & Admin	1 075 823		1 075 823	1 735 000	(659 177)	**-38%**	Underspending of capital requests
Planning & Development	-		-	168 500	(168 500)	**0%**	Underspending of capital requests
Health	-		-	-	-	**#DIV/0!**	
Community & Health Services	474 623		474 623	438 000	36 623	**8%**	Increased needed capital projects
Housing	-		-	-	-	**#DIV/0!**	Increased needed capital projects
Public Safety	105 092		105 092	50 000	55 092	**110%**	Assets donated
Sport and Recreation	-		-	-	-	**#DIV/0!**	Underspending of capital requests
Environmental Protection	-		-	-	-	**0%**	
Waste Management	1 856 663		1 856 663	1 700 000	156 663	**9%**	
Waste Water Management	724 516		724 516	6 910 000	(6 185 484)	**-90%**	Increased needed capital projects
Road Transport & Public Works	1 849 099	3 522 299	5 371 398	14 793 130	(9 421 732)	**-64%**	Project delayed
Water	1 106 075	995 461	2 101 536	13 939 400	(11 837 864)	**-85%**	Projects delayed
Electricity	2 852 445	-	2 852 445	3 792 500	(940 055)	**-25%**	Underspending of capital requests
Other	14 198		14 198	33 000	(18 802)	**-57%**	Underspending of capital requests
TOTAL	**10 975 755**	**4 517 760**	**15 493 515**	**44 285 530**	**(28 792 015)**	**-65%**	

LEPHALALE LOCAL MUNICIPALITY : DISCLOSURES OF GRANT AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2009

Grants and Subsidies Received	Name of organ of state or Municipal entity	Receipts	Expenditure	Grants and Subsidies delayed / withheld	Reasonwithholding of fund for delay/	Did the municipality comply with the grant conditions in terms of grant framework in the Division of Revenue Act Yes/No	Reason for non-compliance
Equitable share	National Government	44 028 331	44 028 331	-	NA	Yes	NA
M I G	National Government	18 816 000	16 186 286	-	NA	Yes	NA
Municipal Systems Improvement Grant	National Treasury	735 000	735 000	-	NA	Yes	NA
Finance Management Grant	National Treasury	1 000 000	1 335 270	-	NA	Yes	NA
LED Project Funding	National Treasury	28 318	-	-	NA	Yes	NA
Water Schemes	DWAF	11 928 186	10 221 825	-	NA	Yes	NA
Local Economic Development	Local Government and Housing	1 638 297	-	-	NA	Yes	NA
		78 174 132	**72 506 712**	-			